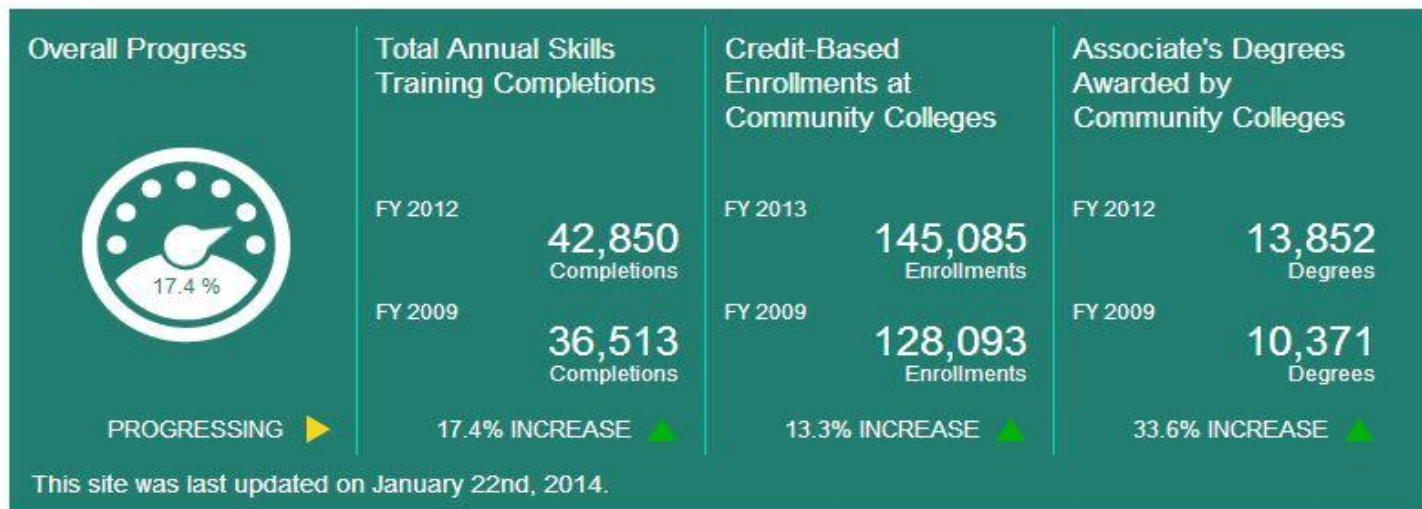


MEETING SUMMARY

The following is a summary of issues discussed at DLLR Stat on March 10, 2014. Analysis provided by StateStat.

Skills Goal

- **At the request of StateStat, DLLR is researching adding new metrics to the skills goal.** The metrics used to measure the skills goal have not been assessed or altered since the goal was developed in 2008. During the December DLLR Stat, StateStat and DLLR discussed the idea of revisiting these metrics. DLLR met with USM Chancellor Brit Kirwan in December to discuss adding certificates completed at four-year colleges and universities as a metric of the skills goal. (Certificates earned at two-year colleges and universities are currently a metric of the goal but those earned at four-year colleges and universities are not.) USM reported that MHEC collects data on these certificates. DLLR met with MHEC on February 5th to discuss adding this possible new metric.



EARN

- **EARN Implementation Grant status updates were due Feb. 12th; final deadline is March 31st.** The Employment Advancement Right Now (EARN) ACT is a competitive grant process that provides \$4.5 million in awards to improve workforce development and train people for high-demand jobs in Maryland. EARN will be implemented in two phases: (1) a Planning Grant phase, and (2) an Implementation Grant Phase. Planning Grants are intended to provide seed funding to help partnerships form and develop the best possible Strategic Industry Partnership plans that are required under the law.

Planning Grants: DLLR received 68 Planning Grant proposals in November and awarded 29 Planning Grants on December 30th. The Planning Grant recipients attended a mandatory conference at Bowie State on January 23rd.

Implementation Grants: The Implementation Grant solicitation was released on January 30th with a deadline of March 31st. DLLR hosted an "Implementation Grant Pre-Proposal Conference" webinar on January 31st. DLLR reported that all of the partnerships submitted their required proposal updates by the Feb. 12th deadline. DLLR also reported that they are confident that at least 25 of the 29 partnerships will submit full implementation grant proposals by the March 31st deadline. DLLR is also expecting to receive some proposals from groups that did not apply for planning grants.

- **EARN Planning and Implementation Grant applicants encouraged to seek federal funding sources.** At the February DLLR Stat, StateStat asked DLLR to report on their efforts to assist the 39 partnerships that were not awarded EARN Planning Grants. DLLR reported that several federal funding opportunities may be available to those partnerships as well as for the 29 that received Planning Grants. As a follow-up item, DLLR provided StateStat with a list of possible federal funding sources for skills training partnerships in Maryland.

DLLR reported that they are hosting a meeting on March 12th to identify a workforce intermediary for Maryland's manufacturing industry to apply for grants such as the ones listed below and work towards growing Maryland's industry. The meeting was convened by Martin Knott with DBED and Lynn Reed with DLLR. Five manufacturing partnerships received an EARN planning grant.

FEDERAL FUNDING OPPORTUNITIES FOR EARN PARTNERSHIPS		
Program Name	Description	Key Dates
<u>Trade Adjustment Assistance Community College and Career Training Initiative (TAACCT)</u>	<ul style="list-style-type: none"> Created by the ARRA, the TAACCT is a four-year, \$2 B grant program providing funding to community colleges and universities to deliver education and career training programs that can be completed in 2 years or less Three rounds of funding have been completed to date (FY11-FY13) with the third round (FY13) of grants awarded in September 2013 NOTE: 16 of the 29 EARN Planning Grant partnerships include at least one community college 	The 4 th and final round of funding for TAACCT grants has yet to be announced. The solicitation for the third round of grants was released in April 2013.
<u>Ready to Work Initiative</u>	<ul style="list-style-type: none"> Approximately \$150 M to support partnerships between employers, non-profits and the public workforce system to help long-term unemployed individuals train for and secure middle and high-skill jobs typically filled by H-1B visa foreign workers (NOTE: H-1B workers have a Bachelor's degree or comparable experience and fill middle and high-skill jobs) Partnerships must include at least 3 employers or an industry association with at least 3 employer members USDOL plans to fund approx.. 20-30 grants ranging from \$3-\$10 M 	Issue Date: Feb 19, 2014 Closing Date: June 19, 2014
<u>YouthBuild Initiative</u>	<ul style="list-style-type: none"> \$73 M in grant funds to organizations providing education, occupational skills training and employment services to disadvantaged youth USDOL hopes to fund approx.. 75 projects serving nearly 5,000 youth 	Issue Date: Feb 18, 2014 Closing Date: April 22, 2014
<u>Investing in Manufacturing Communities Partnership (Phase 2)</u>	<ul style="list-style-type: none"> In December 2013, the Obama Administration launched a national competition to designate "manufacturing communities". Successful applicants will submit economic development plans to transform their community into a globally-competitive manufacturing hub. Up to 12 communities will be awarded up to \$1.3 B and receive assistance from 10 federal agencies NOTE: 44 communities received \$7 M in Planning Grants (\$200,000 each) during Phase 1 of the Partnership. Competition in Phase 2 is not contingent on having been selected in Phase 1. No Maryland communities were selected for a Planning Grants. 	Issue Date: Dec 2013 Closing Date: April 14, 2014

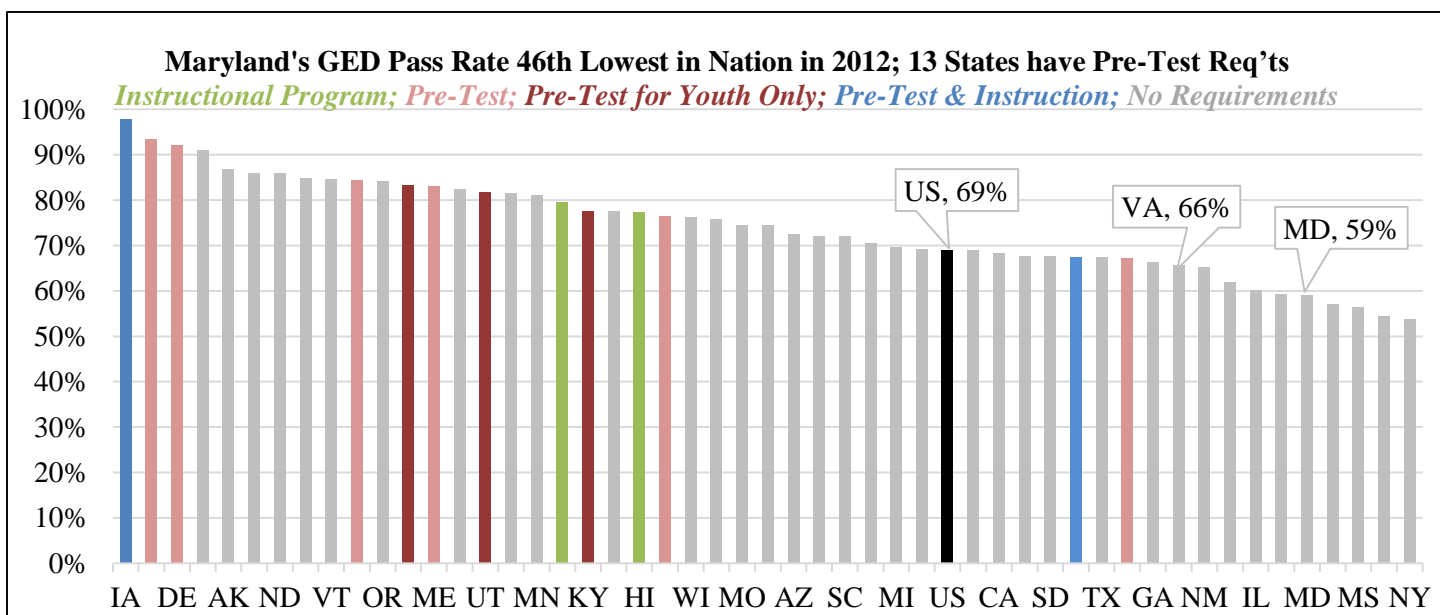
- Problems persist with DLLR's EARN and EARN Connect sites.** At the February DLLR Stat, StatesStat reported several problems with both DLLR's EARN website and the EARN Connect site. DLLR was asked to work both internally and with Salisbury University (the creator of EARN Connect) to address these concerns. StateStat worked with DLLR following the meeting to resolve StateStat's concerns. DLLR also agreed to work with Salisbury to improve the functionality of the site for non-registered users.

CONCERNS WITH THE EARN CONNECT WEBSITE	
Concern	Resolution
Link to EARN Connect not listed on DLLR's EARN site	Link added Feb. 10 th . The link, however, takes the user to another DLLR page with a link to the actual EARN MD Connect site at the bottom. StateStat suggestion: Please link directly from the DLLR EARN page to the EARN Connect page.

DLLR's EARN site is cluttered and not-user friendly	<p>DLLR is working with their webmaster to keep the page updated. The page remains confusing and text heavy. StateStat's suggestions include:</p> <ul style="list-style-type: none"> ○ Create sections (with titles left aligned, in bold) for General Information, Planning Grants, Implementation Grants, EARN Connect, Resources and News and arrange the information on the page accordingly ○ Use 1-2 sentences to explain what is in a link rather than simply including a link. <ul style="list-style-type: none"> ▪ Ex: Explain what resources can found under the "Planning Grant Conference Resources" link and what the Conference is. ▪ Ex: Explain what EARN Connect is and what users can do with the site instead of "Sign Up for Our Exciting Web Portal: EARN MD Connect" ○ Replace the full text of the press release with a link to the release in the News section ○ Left-align all text ○ Put hyperlinks in the traditional blue
Potential users can not view or use any of the EARN Connect site without first creating a profile	<p>Salisbury informed DLLR that providing limited access to the EARN Connect site without creating a profile can be done relatively easily. DLLR suggested LinkedIn as a model- users can view a limited amount of a person's profile without logging in. StateStat supports this suggestion. As of March 4th no changes to the EARN Connect page have been made.</p>

GED

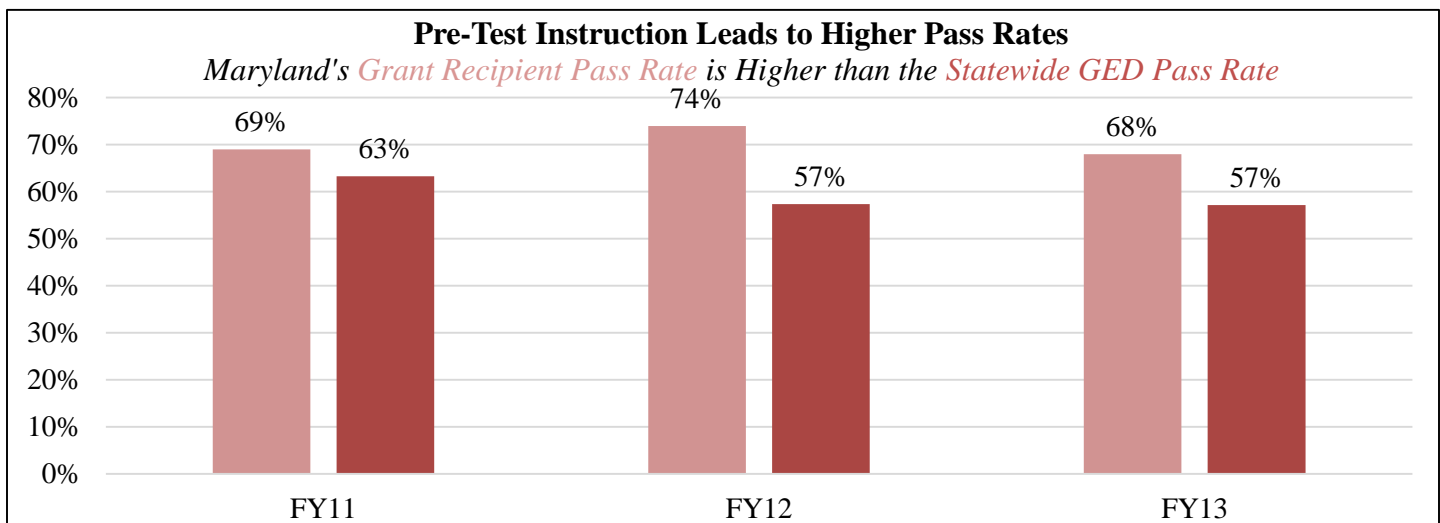
- **Maryland's GED pass rate is among the worst in the nation; DLLR and StateStat, at the request of the Governor, are working together to raise it.** At the January DLLR Stat, StateStat reported that based on national data from the GED Testing Service Maryland's GED pass rate in 2012 was the 46th lowest in the nation at 59%. By comparison, the national average pass rate was 69.1%. It should be noted that GED testing requirements vary by state with 13 states requiring at least some form of pre-test preparation. Eight states require at least some test takers to complete a pre-test prior to taking the GED. Three states require students complete instructional courses prior to taking the GED. And two states (LA and IA) requires students complete both instruction and a pre-test. Maryland is among the 37 states that does not require test takers to complete any pre-test requirements before taking the GED. States' testing and retesting fees also vary.



- **Pre-test instruction leads to higher GED pass rates; however, substantial challenges exist in monitoring Maryland's GED education centers.** DLLR reported last month, that Maryland funds GED education through federal and state matching grants. The US Department of Education provides "Aid to Education" formula grants to

states for adult education programs; grants are based on the number of adults without a high school diploma and the number of non-English speaking adults. The State matches these funds through the “Literacy Works” grant program. Grants are based on a five-year cycle with payments on an annual basis. Students who prepare for the GED through one of these grant recipients have a higher GED pass rate than the state as a whole.

FY2014 Adult Education Funds			
Aid to Education Grants (Federal)	Literacy Works Grants (State)	Federal Funds Allocated for GED Prep	Federal Funds Allocated for the National External Diploma Program
\$ 7,469,615	\$ 8,753,622	\$ 485,512	\$ 425,000
Together, the GED and National External Diploma Programs account for 12% of total federal expenditures. Grantees are allowed to use their federal funds (Aid to Education) for any approved WIA purpose. Grantees are not required to use the State funding (Literacy Works) to supplement their GED efforts. Therefore, it is possible that there are those who do not. DLLR is reviewing grantee reports to determine the extent to which grantees are in fact supplementing their GED instructional efforts. This will be a primary focus of monitoring moving forward.			



Due in part to the lack of evaluation of these grantees, the GED pass rate varies widely by grant recipient as shown in the attached spreadsheet “GED and EDP Outcomes for FY13”. StatesStat met with Secretary Howie and several members of his team on February 27th to discuss issues with the data on Maryland’s adult education grant recipients. DLLR reported that Grantees are subject to federal (U.S. Dept. of Education and U.S. Dept. of Labor) performance measures. These performance measures miss several students and several aspects of GED instruction including:

- Students must receive a minimum 12 hours of instruction to be considered a “student” of the grantee by federal standards. If a student receives less than 12 hours of instruction the grantee does not get credit for their score.
- Data on GED pass rates reported to the federal government includes both GED test takers and National Education Diploma Program completers- an intensive program only available at a select number of sites throughout the state.
- Since the majority of these grant funds (approximately 88%) are for general adult education (i.e. reading, writing, and math skills) grantees are measured on their progress towards these goals. Grantees are not currently evaluated on the effectiveness of their GED instruction or their average GED pass rates.

It was decided at this meeting that moving forward, DLLR will use state-collected data rather than the federally reported data to evaluate adult education grant recipients, set target GED pass rates, etc. State-collected data includes all students (regardless of the amount of instruction they received) and separates GED and NEDP completers.

StateStat sent a memo to the Governor on February 24th with a full analysis of Maryland’s low pass rate and a list of policy recommendations generated from discussions between StateStat and DLLR. The Governor supported the following recommendations:

- **Adjust the cost of the test to encourage¹ participation in prep programs.**
 - **Only subsidize the cost of the test for students who have taken an instructional course and/or passed a pre-test.** As of January 1, 2014, with the launch of the computer-based GED, the cost of the GED increased from \$45 to \$120. Maryland chose to subsidize the difference to enable Marylanders to continue to take the test for \$45.² DLLR, with StateStat's support, is proposing a policy change to ONLY subsidize the test for students who complete an instructional program and/or pass a practice test. Students who cannot prove they completed an approved instructional program and/or passed a practice test will have to pay the full \$120. There is no legal requirement to subsidize the GED exam; as a result the State can choose to subsidize or not subsidize as we see fit.
 - **Limit the number of subsidized tests students can take.** Maryland currently does not limit the number of times a student can take the GED at the \$45 cost. DLLR is currently exploring the following options:
 - Limiting the number of times a student can take the test at the \$45 cost before losing the subsidy
 - Requiring students who fail the GED to complete an instructional program and/or pass a practice test before being eligible for the subsidy again
- **Increase enrollment in iPathways, DLLR's online GED prep program.** DLLR's iPathways program (formerly GEDi) is an instructional GED program where students and teachers interact online throughout the State. In FY2013, 118 students enrolled in the program with a GED pass rate of 86% far exceeding both the state and national averages. While this program has proved successful, not all students have the resources or computer skills necessary to utilize it. Moving forward, DLLR has planned an outreach effort, to be discussed in more detail at the March DLLR Stat, to increase enrollment in the program.

DLLR reported at the March DLLR Stat that as of July 1st all Maryland test takers will have the opportunity to take the test at the subsidized rate per usual. However, if they fail test takers will have to prove that they completed a prep course and a practice exam before taking the test again at a subsidized rate. DLLR is currently strategizing ways to increase awareness of their GED prep services and to improve the availability of online tutorials and practice tests.

Correctional Education

- **StateStat and DLLR are working together to expand higher education in Maryland's prisons.** At the November DLLR Stat, StateStat reported that no Maryland inmate had completed an Associate's or Bachelor's Degree behind bars in recent history. At that time, StateStat asked DLLR to research expanding higher education in Maryland's prisons through online programs, partnerships with community colleges, and any other applicable means. StateStat also noted that several other states offer higher education programs behind bars. In fact, just last month [New York Governor Andrew Cuomo launched a new initiative](#) to expand higher education in New York's prisons; an effort lauded by the [New York Times](#) and reentry advocates nationwide.

DLLR's Director of Correctional Education Alice Wirth has been working to identify higher education programs that can be implemented in Maryland's prisons. Ms. Wirth has identified a potential partnership with Anne Arundel Community College (AACC). AACC is switching vendors for their online learning management system in June. The new vendor, Canvas, is a cloud-based system. Canvas also has an open source platform that could be installed locally on servers at the prisons free of charge. Corrections IT would manage the system; AACC IT staff have offered to provide training on using the system to IT staff and orientations for students. AACC reports the following programs could be available to inmates through the partnership:

- Help Desk Specialist: 33 credit hours.
- Addictions Counseling Certificate: 24 credit hours. AACC specifically recommends this program for inmates as they can become "trainees" after just 15 credit hours which will enable them to later get their

¹ DLLR believes that *requiring* all students to complete a GED prep program is neither advisable nor feasible. Currently, 45% of test takers take *and* pass the test without completing a prep program. Requiring completion of a program would cause an unnecessary delay for these students. Additionally, such a requirement, without the funding needed to implement it, would create waiting lists and backlogs throughout the system.

² The Governor used his discretionary budget authority to support DLLR's request to subsidize the higher cost of the computer-based test.

license. Additionally, this certificate requires 100 hours of unpaid clinical field-work in a community addictions agency to complete the program which can be done within corrections. Three of the courses for this certificate can be completed online.

At StateStat's request, DLLR researched the feasibility of using computers used for GED testing for other correctional education programs. DLLR confirmed with Pearson Vue that these computers will be available for non-GED testing services. Ohio is currently doing a pilot program testing using GED computer for non-GED services.

At the March DLLR Stat, DLLR also proposed taking an inventory of inmates to see what percentage would be willing to pay for collegiate courses behind bars. StateStat encouraged DLLR to move forward with the inventory and expects the Department to report on their findings at the April DLLR Stat.

Living Wage

- **Maryland remains the *only* state in the nation with a living wage law.** Maryland's law requires contractors and subcontractors on certain State contract to pay their employees certain minimum wage rates based on jurisdiction; these rates are adjusted to the CPI. The living wage rates were most recently adjusted on September 27, 2013 and are published on the DLLR website.

Maryland Living Wage Rates as of September 27, 2013		
Tier 1	Montgomery, Prince George's, Howard, Baltimore, Anne Arundel, Baltimore City	\$13.19/hour
Tier 2	Garrett, Allegany, Washington, Frederick, Carroll, Harford, Charles, St. Mary's, Calvert, Cecil, Kent, Queen Anne's, Talbot, Caroline, Dorchester, Wicomico, Somerset, Worcester	\$9.91

Maryland's Living Wage Law exempts the following contracts that are:

- under \$100,000 in value;
- under \$500,000 in value if the contractor has 10 or fewer employees;
- for services needed immediately to prevent or respond to imminent threat to public health or safety;
- with employees who work less than 13 consecutive weeks on the contract;
- with a public service company;
- with a non-profit organization;
- between units (interagency agreements); or
- between a unit and a county or Baltimore City.

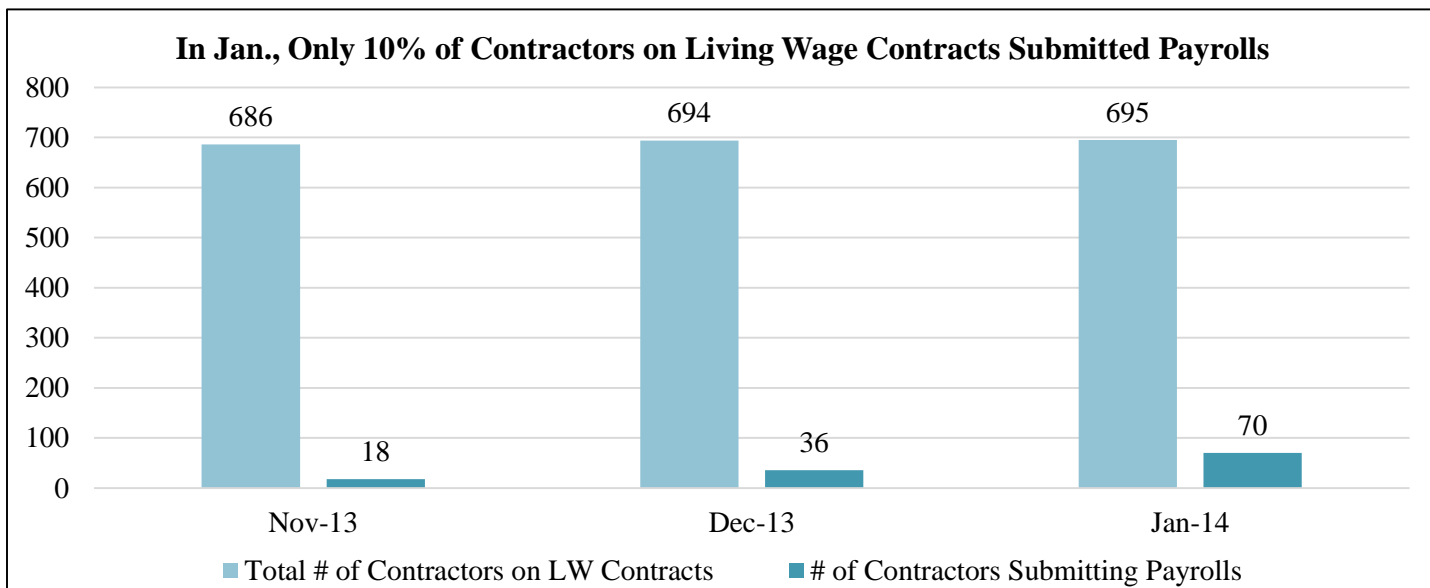
At the request of Deputy Chief of Staff Eric Beane, StateStat analyzed Maryland's living wage enforcement process prior to the February DLLR Stat. Working with DLLR, StateStat determined that Maryland faces several challenges in regards to enforcing our Living Wage Law including:

- **"Churning":** The Living Wage Law only applies to employees who work 13 consecutive weeks or more on a contract. DLLR has previously reported that employers will "churn" employees- transfer employees from Living Wage contracts to different contracts before the 13-week-mark- avoid paying the living wage. DLLR is working on changing regulations and adding a FAQ that they believe will position them to prevent "churning".
- **Staffing:** The Living Wage Unit is staffed by only two investigators. The Living Wage Unit itself has never received any funding or PINs; the two staffers are hired to work on the Prevailing Wage Unit.
- **Non-submission of Payroll Records:** In January, only 10% of contractors subject to the Living Wage Law submitted payroll records (70 of 695 contractors on living wage contracts).
- **Lack of available penalties:** DLLR is only authorized to penalize contractors for non-compliance with the Living Wage Law. However, DLLR has struggled to identify who is not compliant without adequate payroll records; at this time, DLLR is not authorized to penalize contractors for failing to submit payroll records.

On February 25, StateStat submitted a memo to the Governor detailing the current enforcement process of the Living Wage Unit and making several policy recommendations for improving enforcement. The Governor specifically noted his support for the first two of the following recommendations:

Recommendations to Improve Enforcement of Maryland's Living Wage Law	
Policy Recommendation	Status of Recommendation
1. Develop and implement an electronic payroll system	<ul style="list-style-type: none"> DLLR reported that a system (based on the Prevailing Wage electronic system³) could be fully functional in 12-18 months At this time there is no funding in the budget to develop the system There is time, however, for DLLR to add funding in the supplemental budget to launch the system.
2. Penalize contracts for late or non-submission of payroll records	<ul style="list-style-type: none"> Authorizing DLLR to penalize contracts for late or non-submission of payroll records would require a legislative change DLLR reports that it is too late into Session to propose such a change Alternatively, DLLR is preparing a plan detailing what they can do to increase payroll submissions within their current authority and resources.
3. Increase uniform contract reporting among all state agencies to ensure DLLR receives all service contracts for which the Living Wage Law applies	<ul style="list-style-type: none"> DLLR has a call on Friday, March 7th with the Procurement Chiefs from DBM, MDOT and DGS DLLR is prepared to discuss their plan to roll out a uniform reporting requirement today.

Following the March DLLR Stat, StateStat met with the Department to discuss the enforcement process behind Maryland's living wage law. At StateStat's request, the Department submitted a supplemental budget request for the electric payroll system. StateStat is also working with the Governor's legal team to determine if contractors can be penalized for late or non-submission of payroll records.



Unemployment Insurance

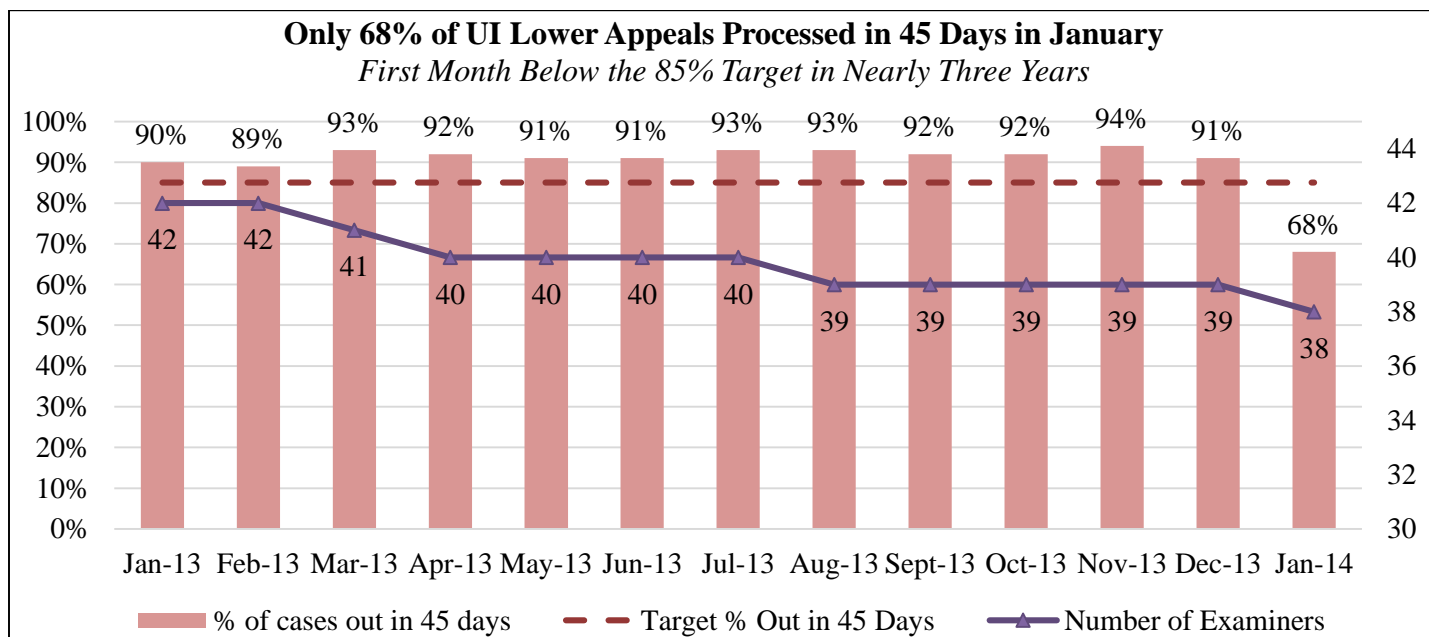
- In January, DLLR failed to meet its UI target for the first time in nearly three years.** For several years, DLLR struggled to meet their deadlines for processing unemployment insurance (UI) appeals. In FY2009, only 43% UI unemployment insurance appeals were processed in 45 days far below the target of 85%. In FY2010, less than a third (32%) of UI appeals were processed in 45 days. In FY2011, the Department began to turn things around getting 79% of UI appeals processed in 45 days. In FY2012, the Department exceeded the target for the first time processing 90% of claims within 45 days. Progress continued into FY203 with 91% of claims processed in 45 days.

In January, however, only 68% of UI lower appeals cases were processed in 45 days- the first time the Department failed to meet the 85% target since April 2011. The number of UI Case Examiners declined from 39 to 38 in January

³ Although the system would mirror the Prevailing Wage system, there are significant enforcement differences between Living Wage and Prevailing Wage requiring further development of the existing system to accommodate these differences

but the Department has experienced similar declines of 1-2 examiners in previous months and not had their processing time suffer.

DLLR reported that they will investigate what caused the delay in January's appeals process and report back to StateStat prior to the next meeting.



Licensing

Cosmetology and Barbering

- **DOPL is making significant progress in driving down the backlog of complaints against cosmetologists and barbers.** DLLR's Division of Occupational and Professional Licensing (DOPL) regulates and provides licenses to individuals who practice in 24 different fields, ranging from Bay Pilots to real estate professionals. Today, there are more people licensed to be barbers and cosmetologists by DLLR than any other profession. At the October DLLR Stat, StateStat identified a growing backlog of complaints against barbers and cosmetologists. In November, the backlog of complaints peaked at 672.

DOPL has reported to StateStat monthly since the backlog was identified. In December, DOPL reported they took several steps to drive down the backlog including parting from the previous Executive Director of the Cosmetology Board, detailing staff from other areas within the Division to the Board to assist in clearing the backlog, and actively recruiting two new staff to fill the Board's vacancies. The Division, however, faced an unexpected obstacle in December when they discovered that a previous Board member had inaccurately "closed" several complaints in the backlog several years prior. The Board spent most of the month officially closing these cases and is now working to close the remaining cases in the backlog.

With the inaccurately closed complaints officially closed, DOPL made significant progress in January to drive down the backlog closing 106 complaints- the most complaints *accurately* closed in a single month since November 2010. The Acting Commissioner, the Department's Chief of Litigation, and other senior staff have been addressing the oldest complaints (some dating back to 2007) and are moving forward in time. The staff members detailed from other units in the Division to assist in closing the backlog continue to work to address complaints and improve the Board's operations. And the Division is working proactively to prevent the backlog from returning; the Division reports that all of the most recent complaints (received in FY2014) have been reviewed and assigned to inspectors. The division expects the backlog of open complaints to be down to 250 by April.

Despite their progress in closing complaints, the Board continues to face several obstacles:

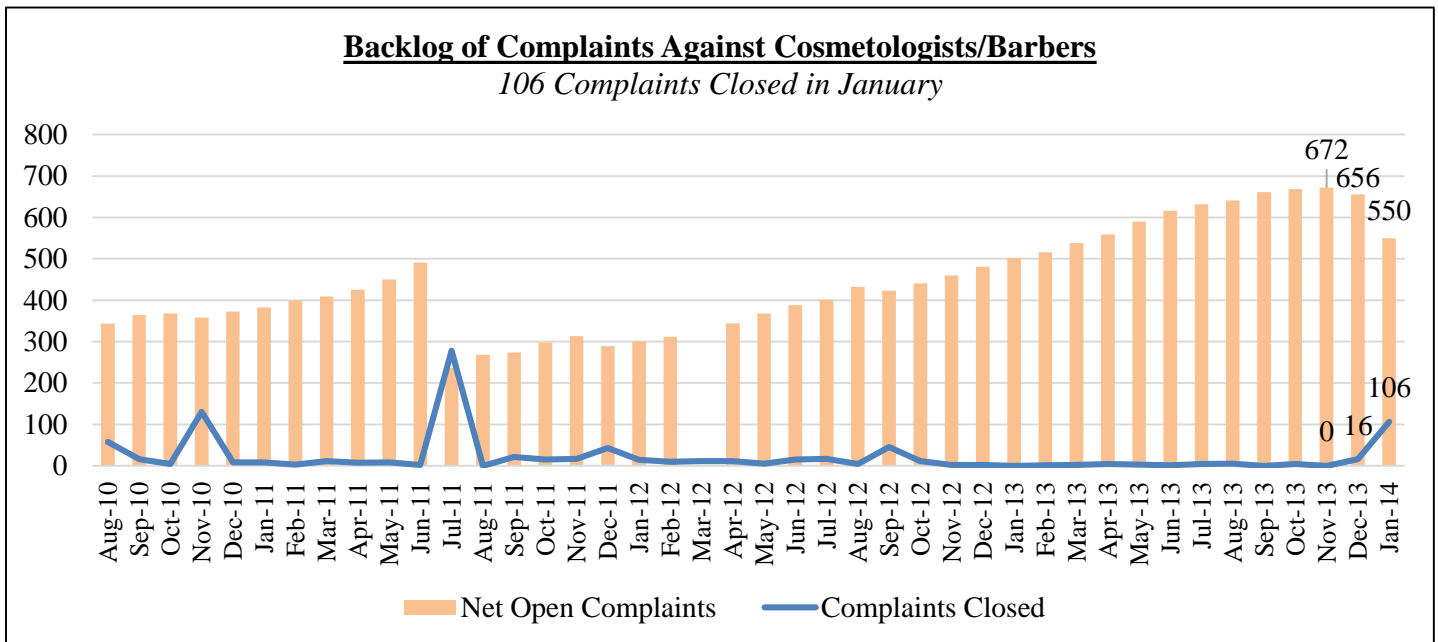
1. **The current intake policy for complaints leads to a high number of open complaints awaiting investigation.** In the past, Board policy has been to open a complaint and – eventually – assign an inspector

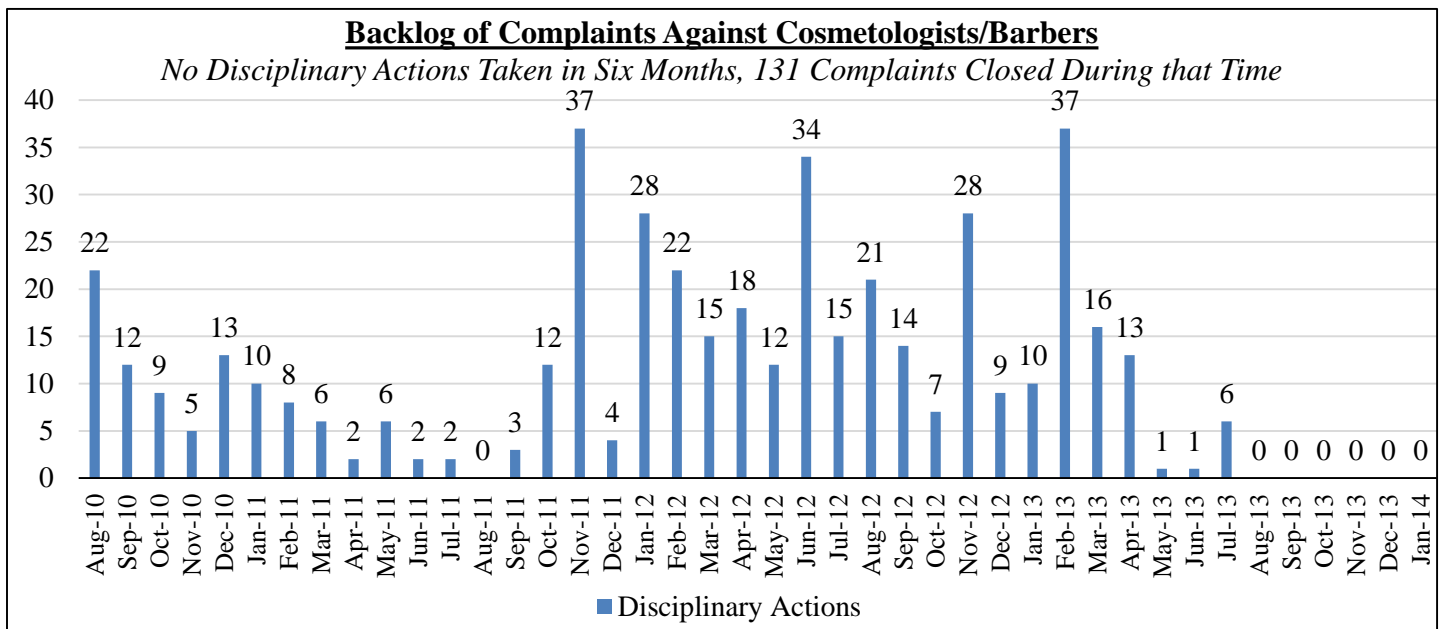
regardless of the severity of the allegations. This policy has resulted in the ballooning number of open/unresolved complaints. Moreover, this approach makes it less likely that serious allegations will be investigated promptly. Given the amount of resources available to the Board for inspection/complaint resolution, **the Division advises that in the future more rigorous evaluation will be conducted at the time of complaint intake to determine whether a complaint needs to be assigned for investigation or whether it can be closed administratively.** The Division believes that only the most serious allegations – *e.g.*, health and safety, sanitation, unlicensed practice – should result in an investigation; the more pedestrian claims – *e.g.*, a bad haircut, hair on the floor – should not result in allocated staff time for investigation.

2. **The Division identified a backlog in new shop applications.** Every new barber shop or salon in the State must pass a board inspection prior to opening for business. Historically, many new shop/salon owners have had to wait an unacceptably long time for what can be a perfunctory inspection. At the end of November 2013, there were nearly 200 pending new shop applications for shops or salons awaiting an inspection. The boards released only 28 new shop licenses for the month of December, which means that a significant number of shops/salons were experiencing unacceptably long waiting periods for issuance of a shop license. However, board inspectors, with the assistance of other Division staff, worked diligently in January to address the new shop inspection backlog. As a result, the boards released 113 new shop licenses in January. At the end of January, there were 82 new shop applications pending. Of these, 37 could not be assigned to an inspector due to the failure on the part of the applicant to submit the required zoning permits. All other pending applications were assigned to inspectors; the backlog of viable applications will be eliminated by March 4, 2014. It should be noted that at any given time between 30 and 60 pending new shop applications cannot be assigned for inspections due to the applications being incomplete.

Actual and Projected Complaint Backlog Against Cosmetologists/Barbers					
Nov. 2013	Dec. 2013	Jan. 2014	Feb. 2014*	Mar. 2014*	Apr. 2014*
672	656	550	500	350	250

*denotes projected figures

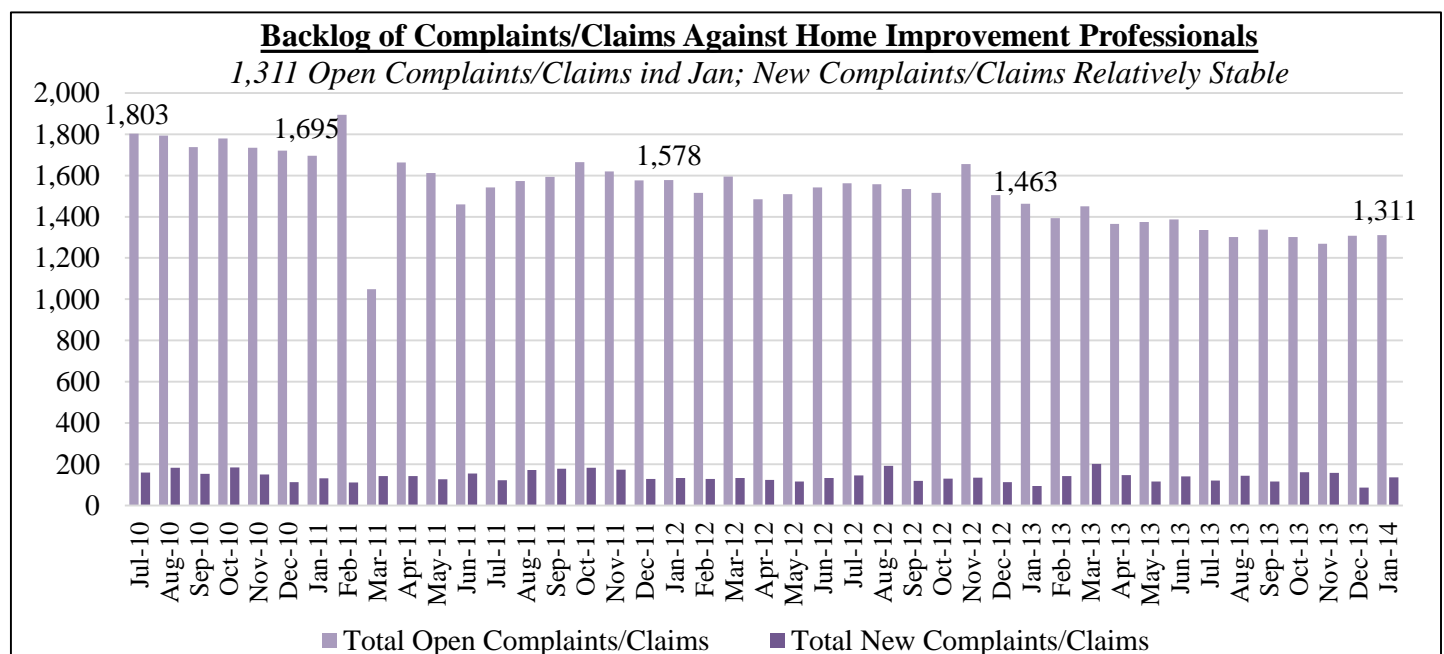


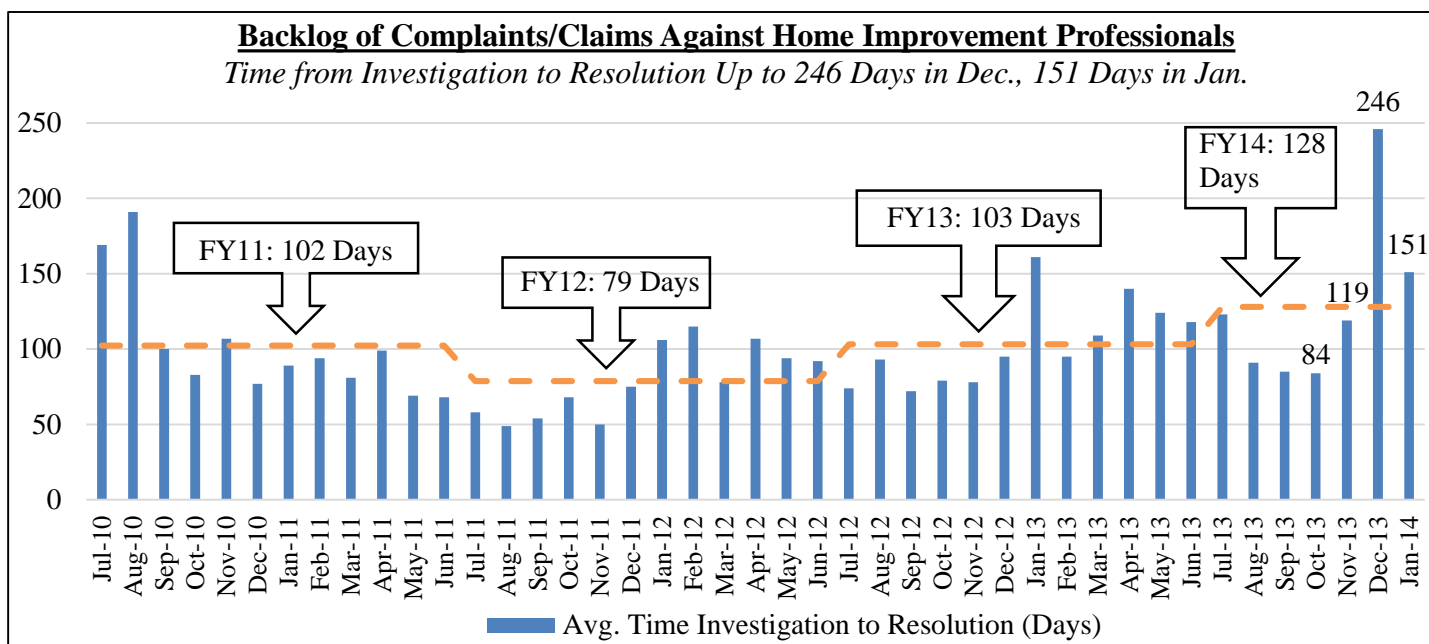


Home Improvement

- **The time from investigation through resolution reached a record high 246 days in December for complaints and claims against home improvement professionals.** StateStat first reported concerns with the number of complaints and claims against home improvement professionals during the December DLLR Stat. StateStat and DOPL engaged in a conversation at that time regarding the high number of complaints against unlicensed home improvement professionals. Since that discussion, *new* complaints against both licensed and unlicensed home improvement professionals have been down.

StateStat, however, now has concerns with the long amount of time it is taking to close these complaints and claims. In December, it took 246 days, on average, to resolve these cases from investigation to resolution. In January, the time to resolution remained high at 151 days. The average time from investigation to resolution is 128 days in FY2014 up from 103 days in FY2013 and a low of 79 days in FY2012. What's more- in FY14 the Board has seven investigators assigned to these cases up from six in both FY12 and FY13.





Mechanical Boards

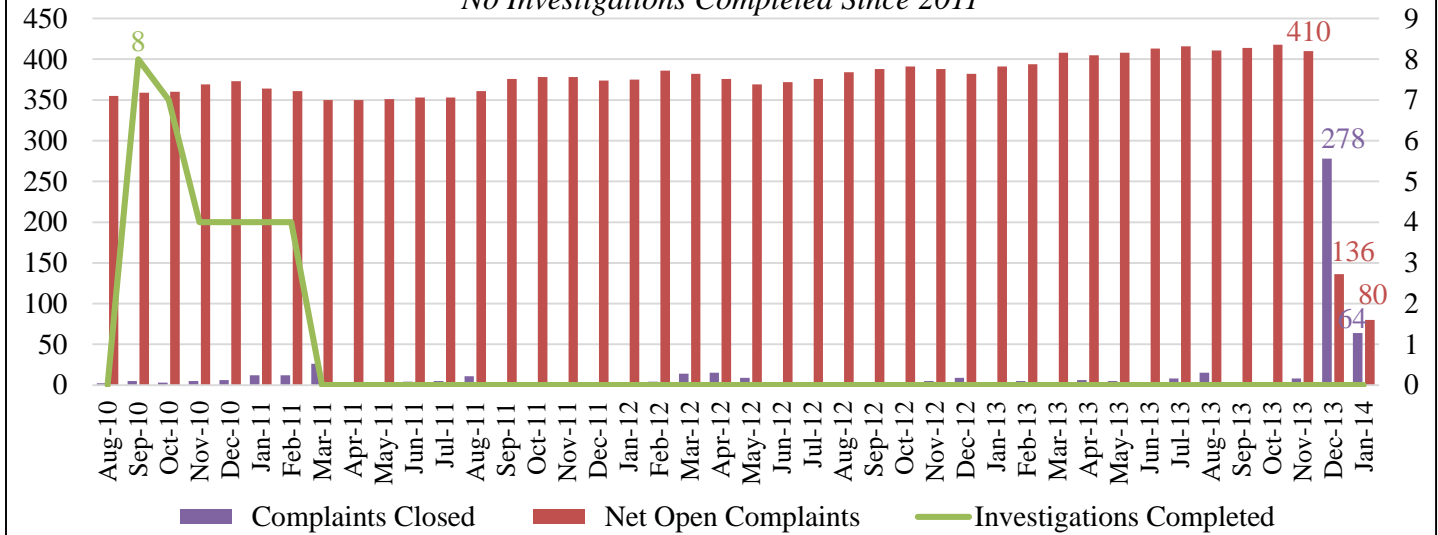
- **DOPL closed a record 278 complaints against the Mechanical Boards in December; however, DOPL has not conducted a single investigation of a complaint against a Mechanical Board since February 2011.** StateStat reported at the January DLLR Stat that the backlog of complaints against the five Mechanical Boards had been above the 400-mark for nine consecutive months. When DLLR submitted their data templates to StateStat for the February DLLR Stat, the data showed a record 278 complaints closed against Mechanical Boards in December including 130 HVAC and plumbing complaints. The following month, January, the Division closed an additional 64 complaints bringing the number of net open complaints to just 80.

The Division reports that the Mechanical Boards were able to close these 342 complaints in just two months through two means:

1. “The boards did indeed work hard to close a high number of complaints”
2. Staff corrected an error in the Division’s complaint management system that resulted in a number of cases being reported as “open” when they should have been reported as “closed”.
 - a. Staff assigned an investigator to pull case files and review “stale” cases to determine whether they should be reported as “open”.
 - b. The investigator went as far as calling all parties involved in the complaints to verify a resolution.
 - c. These cases had not been correctly entered into the complaint management system which resulted in their status being inaccurately reported.
 - d. In most cases, the complaint system allows a case to remain “open” if any of four data fields are not filled.
 - e. This IT shortcoming resulted in an escalating level of open complaints over time. The secretaries have been retrained accordingly to prevent such data reporting errors in the future.

Remarkably, the Division closed these 342 complaints without completing a single investigation. What’s more, according to DLLR’s data, the Division has no completed a single investigation of a complaint against a mechanic since 2011. No disciplinary actions since July.

Backlog of Complaints Against Mechanical Boards
Record 278 Complaints Closed in December, 64 Closed in January
No Investigations Completed Since 2011



Tax Preparation



- Maryland is one of only four states that require testing and continuing education for individual tax preparers.** During the tax season, anyone in the 46 states without requirements for tax preparers can claim to be a tax preparer and assist others in filing taxes. The IRS estimates that 1.2 million people work as tax preparers. Last year, 63% of tax returns were completed by tax preparers. Approximately half of these were filed by unregulated tax preparers; in other words, **about one third of all tax returns filed last year were prepared by individuals with less regulation than a hairstylist.**

Maryland, Oregon, California, and New York are the only states that have requirements for individual tax preparers who are not CPA's, tax specialists, attorneys or certain types of banking officials. Maryland became the third state in the country to require individuals preparing tax returns for money to be registered when a law was passed in 2008. According to the [Baltimore Sun](#), a lack of funding delayed the process and the state did not begin registering preparers

until 2011. Tax preparers in Maryland are regulated by the State Board of Individual Tax Preparers. Board Members are appointed by the Governor; the Board is staffed by DOPL staff. According to DLLR, in January there were 3,548 individual tax preparers licensed in Maryland. As expected this time of year, there were 337 new licenses issued to individual tax preparers in January up from 153 in December and just 44 in November.

Under Maryland's law, interested individuals must have a high school diploma or GED, obtain a Preparer Tax Identification Number from the IRS, and pay a registration fee of \$100 for two years. Tax preparers must undergo 16 hours of continuing education, including four hours on Maryland tax issues, when they renew their license. DLLR does not include data on complaints made to the Board of Individual Tax Preparers in their template. The Board has the authority to sanction registered tax preparers including revoking registrations and issuing penalties up to \$5,000.

A recent federal court ruling creates a challenge for the Maryland Board; the Board needs to develop a new plan for evaluating applicants for the tax preparer license. Maryland's tax preparation law requires tax preparers to pass the IRS' Registered Tax Return Preparer Competency Test. The Test was suspended in 2011 pending a federal court case⁴. Since then the Board has voted to allow registered tax preparers in Maryland to practice without passing the exam; the Board most recently voted in May to allow registered tax preparers to practice in Maryland through December 31, 2014 without passing the exam. On February 11 of this year, the [IRS lost their court case](#) permanently suspending the exam; Congress would have to pass a law granting the IRS the authority to test and evaluate tax return preparers for the test to be reinstated.

⁴ In 2011, the IRS issued regulations requiring tax return preparers to take an exam (i.e. the RTTP exam), pay annual fees and take continuing education coursework. Three independent tax return preparers quickly filed suit (i.e. Loving vs IRS) contending that the regulations exceed the IRS' authority. The District Court ruled in favor of the tax return preparers in 2013 and the US Court of Appeals for the DC Circuit upheld that ruling in February.